



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-5000

OFFICE OF PUBLIC AND INDIAN HOUSING

Special Attention of:

Office Directors or Public Housing;
Regional Directors; Public Housing
Agencies

Notice PIH 2022-02

Issued: February 4, 2022

Expires: This notice remains in effect until
amended, superseded, or rescinded.

Cross References: Notices PIH 2021-14;
PIH 2020-33; PIH 2020-13; PIH 2020-05;
PIH 2011-13, 24 CFR Parts 901, 902, and
907

SUBJECT: Return of Public Housing Assessment Systems (PHAS) assessments upon
expiration of PHAS-related waivers in Notice PIH 2021-14

1. Purpose

This notice:

- Advises Public Housing Agencies (PHAs) that, consistent with [Notice PIH 2021-14](#) (HA), PHAS scoring will resume starting with the March 31, 2022, Fiscal Year End (FYE) Cohort; and
- Temporarily adjusts the standard under the Management Assessment Subsystem (MASS) indicator for the Tenant Accounts Receivable (TAR) sub-indicator for the fiscal year 2022 PHAS assessment cycle.

2. Background

The Coronavirus Aid, Relief, and Economic Security Act ([CARES Act Public Law 116-136](#)), signed into law on March 27, 2020, provided HUD with broad authority—in the context of the public health emergency—to waive certain statutes and regulations (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment) for the Public Housing program. The CARES Act waivers provided PHAs with the flexibility to adjust program practices where necessary so that when normal operations were restricted or severely constrained, PHAs could prioritize mission critical functions, sustain occupancy, and mitigate the health risks posed by COVID-19 to PHA staff, residents, and communities.

One of the CARES Act waivers HUD implemented suspended PHAS assessments for PHAs with fiscal year end dates beginning March 31, 2020, through December 31, 2021. PHAS is the annual assessment process by which HUD fulfills its statutory requirement¹ to assess PHA administration of the Public Housing program. Through PHAS, HUD evaluates indicators—as defined by 24 CFR Part 902—that measure the performance of PHAs. These indicators measure a PHA’s physical condition, financial condition, management operations, and Capital Fund obligation and occupancy. Ultimately, the culmination of these indicators establishes a PHAS score, which determines a PHA’s designation of High, Standard, Substandard, or Troubled. These designations determine the frequency of PHAS assessments.

The CARES Act waivers enabled HUD to delay PHAS assessments and carry over a PHA’s last PHAS score. The most recent PIH CARES Act waiver notice ([PIH Notice 2021-14\(HA\)](#)), published on May 4, 2021, extended the period of availability for most CARES Act waivers through December 31, 2021, including the suspension of PHAS scoring. This period will not be extended. Thus, PHAS assessments will begin again, pursuant to statutory requirements, allowing HUD to make a more accurate, up-to-date determination of a PHA’s performance.

Over the last year, HUD has started incrementally transitioning back to normal requirements associated with PHAS. On April 23, 2021, Secretary Fudge issued a letter to PHA Executive Directors, Multifamily Housing Owners, and Property Managers² stating that HUD would “substantially increase housing inspections” on June 1, 2021. Upon resuming inspections, HUD implemented various safety protocols to ensure that onsite inspections were operated in a safe and respectful manner in accordance with Centers for Diseases Control and Prevention (CDC) COVID-19 guidance. HUD resumed physical inspections of Public Housing properties on October 5, 2020. As part of these physical inspections, HUD extended the notification period from 14 days to 28 days. In addition, PHAs have resumed inspecting public housing units, and PHAs have continued to submit Financial Data Schedules (FDS) used to calculate the Financial Assessment Sub-system (FASS) Indicator under PHAS.

HUD has reviewed the financial data in FASS and determined that, with the implementation of the new MASS standard to account for TAR described in this notice, many PHAs do not need further modifications to PHAS related to the financial and management indicators. Specifically, HUD analyzed FDS data received for 1,182 PHAs with fiscal year end dates in March and June 2021 to evaluate how FASS and MASS indicators of the PHAS score would change if scores were issued using the TAR sub-indicator as described in this notice. HUD found that 91 percent of PHAs would have an improved or unchanged financial score, and 65 percent of PHAs would have an improved or unchanged management score. In April 2020, the occupancy rate using

¹ Under Section 6 of the U.S Housing Act of 1937 [42 U.S.C. 1437 and [76 FR 10136, Public Housing Evaluation and Oversight: Changes to the Public Housing Assessment System \(PHAS\) and Determining and Remediating Substantial Default; Interim Rule](#)

² [Secretary Fudge's letter to PHA Executive Directors, Multifamily Housing Owners, and Property Managers](#) (dated April 23, 2021)

HUD's Agency Priority Goal methodology³ was 95.84 percent and experienced only a slight decline in December 2021 to 94.11 percent. Based on this data, HUD has determined that resuming PHAS scoring will not negatively impact many PHAs.

3. Statutory and Regulatory Responsibility to Resume PHAS Scoring and Annual Inspections in FY 2022

PHAS assessment resumes in 2022 with the March 31, 2022, fiscal year end (FYE) cohort. Fiscal year (FY) 2022 assessments will be used by HUD as a baseline, wherein all qualified properties will be inspected under the Uniform Physical Condition Standards (UPCS). The resulting PHAS assessment and performance designation of (a) high, (b) standard, (c) substandard, or (d) troubled performer, will establish the subsequent assessment cycle and inspection interval for PHAs. HUD began UPCS inspections on January 1, 2022, for PHAs with fiscal years ending March 31, 2022. All current troubled agencies will be inspected by June 30, 2022, regardless of FYE, and will receive a FY22 PHAS assessment and designation. The remaining non-troubled agencies will be inspected according to their Fiscal Year End (FYE) cohort.

4. The MASS Indicator for the TAR Sub-Indicator for PHAS Scoring in Fiscal Year 2022

The Public Housing Evaluation and Oversight: Changes to the Public Housing Assessment System (PHAS) and Determining and Remediating Substantial Default ("PHAS Interim Rule"), published on February 23, 2011, at [76 FR 10136](#), became effective for PHAs with FYE March 31, 2011. Scoring for the MASS indicator is described in the Public Housing Assessment System (PHAS): Management Operations Scoring Notice (Management Assessment Subsystem, "MASS Scoring Notice") published on February 23, 2011, at [76 FR 10050](#). The MASS Scoring Notice explains that PHAs can receive up to five points for TAR, which generally measures the performance of a PHA's ability to collect rents and other charges.

The CARES Act included an eviction moratorium through July 31, 2020, and a 30-day notice prior to eviction filings for nonpayment of rent. At the same time, several States and localities issued eviction moratoriums. On September 4, 2020, the Centers for Disease Control (CDC) Director issued an order temporarily halting evictions in the United States due to the ongoing public health crisis. The initial CDC order expired on December 31, 2020, subject to extension, modification, or rescission. The Consolidated Appropriations Act, 2021 (Public Law 116-260), extended that order until January 31, 2021, and the original CDC Order was extended multiple times due to the continued national emergency. On August 3, 2021, the CDC Director issued a new order

³ The Agency Priority Goal (APG) for occupancy is a rate based on unit counts. The APG Occupancy rates applies the Capital Fund occupancy rate. The Capital Fund occupancy rate considers offline units as vacant. The MASS occupancy rate considers offline units as occupied. For example: Capital Fund occupancy counts units as occupied when an assisted tenant, employee or law enforcement personnel, non-assisted and special purpose tenant resides in the unit. The MASS occupancy rate excludes units approved by HUD to be offline for capital improvement, resident services, offices, litigation, and others.

temporarily halting evictions for persons in jurisdictions experiencing substantial or high rates of transmission. However, on August 26, 2021, the Supreme Court vacated the stay of a district court decision invalidating the original and new CDC order, holding that the applicants had a substantial likelihood of success on the merits. There have been, and continue to be, effective local and State eviction moratoria related to the ongoing pandemic.

These local, State, and Federal eviction moratoria have had a significant impact on rent collection and ultimately performance under the TAR sub-indicator. For many PHAs, the growth in TAR due to eviction moratoria resulted in an inability to perform usual processes for households who did not pay applicable rental payments during the PHAS assessment cycle. As a result, PHAs may not have been able to manage programs to the standards established in the MASS Scoring Notice for TAR. Further, despite the availability of emergency rental assistance at the local, State, and Federal levels, some jurisdictions-imposed restrictions, and limitations for such funding to reach HUD-assisted families. In these cases, despite efforts by PHAs to support families to apply for such assistance, many HUD-assisted families have not yet been able to receive such assistance. As such, HUD believes that PHAs may not have been able to manage programs to the standards established in the MASS Scoring Notice for TAR.

Due to the impact of the eviction moratoria on a PHA's ability to collect rent and manage rent collection activities, this notice advises that for PHAs with fiscal years ending March 31, 2022, June 30, 2022, September 30, 2022, and December 31, 2022, only, HUD is temporarily revising the scoring methodology for TAR. HUD believes that this temporary adjustment to the scoring notice will appropriately score PHAs for the impact of the eviction moratoria on PHA operations. Specifically, PHAs will receive five points for TAR if their tenant accounts receivable is 80 percent or greater. PHAs that have tenant accounts receivable between 60 percent and 79 percent will receive two points. PHAs that have tenant accounts receivable below 60 percent will receive zero points.

5. For Further Information

PHAs that have questions or need technical assistance should email REAC_TAC@hud.gov or call Technical Assistance Center (TAC) at 1-888-245-4860, between the hours of 7:00 a.m. – 8:30 p.m. Eastern Standard time. Office of Real Estate Assessment Center, Office of Public and Indian Housing, Department of Housing and Urban Development, Attention: Technical Assistance Center/TR/DBA, 550 12th Street SW, Suite 100, Washington, DC 20410-5000.

6. Paperwork Reduction

The information collection requirements contained in this notice have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3520) and assigned OMB Control Numbers 2577-0237, 2535-0106, 2502-0369 and 2535-0107. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

7. Penalty for False Claims and Statements

HUD will seek civil, criminal, or administrative action against individual and entities who either make, present, submit, or cause to be submitted a false, fictitious, or fraudulent statement, representation, or certification. 18 U.S.C. §§ 287, 1001, 1010, 1012, 1014 and 31 U.S.C. §§ 3729, 3802.

/ s /

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